

Message Text

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C O N F I D E N T I A L SECTION 1 OF 2 BUCHAREST 0306

E.O. 11652: GDS
TAGS: EEWT, ETRD, ENRG, RO
SUBJECT: SUMMARY REPORT ON AMBASSADOR'S JANUARY 12 MEETING
WITH DPM PATAN

REF: A) STATE 006877 B) BUCHAREST 0073, C) STATE 001724

1. DURING COURSE OF TWO HOUR AND FIFTEEN-MINUTE MEETING ON
JANUARY 12, AMBASSADOR AND DPM PATAN REVIEWED SPECTRUM OF
BILATERAL TRADE AND ECONOMIC ISSUES. INFORMAL AGENDA FOR MEETING
WAS:

1. REVIEW OF 1977 BILATERAL TRADE AND OUTLOOK FOR 1978
2. SELECTED US EXPORT LICENSE CASES AND ROMCONTROL

DATE (RCDC) JOINT VENTURE

3. US CITIZENS' PROPERTY CLAIMS AND DECREE 223
4. NUCLEAR COOPERATION:
 - A) SCNE-ERDA COOPERATION
 - B) FUEL FOR TRIGA REACTOR
5. AID LOAN AGREEMENT
6. COOPERATION PROJECTS CURRENTLY UNDER NEGOTIATION AND
THIRD COUNTRY COOPERATION PROJECTS
7. PROJECTS OF INTEREST TO US COMPANIES
8. GOR CCC REQUEST FOR SOYBEANS
9. ACCESS TO HAMPTON ROADS FOR ROMANIAN FREIGHTERS

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10. TRADE AGREEMENT
11. MFN AND MID-TERM REVIEW

2. SYNOPSIS OF DISCUSSION OF ABOVE POINTS IS GIVEN BELOW.
SEPTELS SENT OR WILL BE SENT ON AGENDA POINTS 3, 4B, 5, 8
AND 10; MEMCON WILL ALSO BE TRANSMITTED SUBSEQUENTLY.

3. ITEM 1: PATAN BEGAN BY SAYING THAT IT WAS GOOD TO BEGIN YEAR WITH REVIEW OF TRADE AND ECONOMIC PROBLEMS, ESPECIALLY HAVING IN MIND HIGH-LEVEL VISIT PLANNED FOR THIS YEAR, FOR WHICH THERE MUST BE SOLID BASIS. HE SAID PRELIMINARY GOR FIGURES SHOWED BILATERAL TRADE TURNOVER OF \$552 MILLION FOR 1977, WITH ROMANIAN EXPORTS OF \$271 MILLION AND IMPORTS FROM US OF \$281 MILLION. TO DATE, SIGNED CONTRACTS FOR 1978 TOTAL \$478 MILLION, WHICH IS MUCH BETTER THAN IN 1977. (COMMENT: IN 1977, SIMILAR LEVEL OF SIGNED CONTRACTS WAS NOT REACHED UNTIL SOMETIME IN MAY.) PATAN ADDED THAT REGARDING BREAKDOWN OF \$478 MILLION, \$100 MILLION INVOLVES IMPORTS OF MANUFACTURES AND THAT CONTRACTS FOR ADDITIONAL \$50 MILLION OF MANUFACTURES ARE IN ADVANCED STAGES OF NEGOTIATIONS WITH US COMPANIES.

4. ITEM 2: PATAN FIRST ASKED ABOUT STATUS OF NINE EXPORT LICENSE CASES INVOLVING VEECO, PERTEC, AMPEX, MEMOREX, COMPUTER AUTOMATION AND NASHUA INTERNATIONAL AND THEN WENT INTO REVIEW OF AND OUTLOOK FOR RCDC. ON LATTER SUBJECT, HIS MAIN POINT WAS THAT GOR WANTS TO SEE RCDC'S OPERATIONS NORMALIZED IN 1978, I.E., IT SHOULD STOP LOSING MONEY AND IT SHOULD MEET ITS SALES PROJECTIONS. IN 1977, RCDC SALES REVENUES TOTALED \$4.0 MILLION, BUT COMPANY'S PROJECTION HAD BEEN \$6.3 MILLION. PATAN SAID SALES PROJECTION FOR 1978 \$9.3 MILLION. THE 1978 PRODUCT MIX IS BASED ON THREE OLD PRODUCTS PLUS TWO NEW ONES--BATCH
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PROCESSING TERMINALS (EXPORT LICENSE PROBLEMS BEING ENCOUNTERED) AND SIC MEMORY UNITS (COMMENT: RCDC OFFICIAL SAYS THERE IS NO EXPORT LICENSE PROBLEM HERE). PATAN ASKED AMBASSADOR'S ASSISTANCE IN PUSHING ALONG EXPORT LICENSE APPLICATION ON BATCH PROCESSING TERMINALS AND FOR OBTAINING EARLY READING FROM WASHINGTON ON EXPORT LICENSES NEEDED FOR TWO NEW JOINT VENTURES IN COMPUTER AREA BEING PLANNED WITH CDC AND WHICH PATAN RAISED WITH USDOC IN NOVEMBER, 1977. AMBASSADOR PROVIDED SOME INFORMATION ON PERTC CASE AND SUGGESTED THAT MFT SEEK INFORMATION ON OTHER LICENSES FROM OEA THROUGH ITS EMBASSY IN WASHINGTON. AMBASSADOR ALSO AGREED TO PATAN'S SUGGESTION THAT DEPUTY MINISTER MARGARITESCU AND ECON COUNSELOR MEET MONTHLY TO REVIEW PROBLEMS RELATED TO RCDC. COMMENT: FROM DISCUSSION ON EXPORT LICENSES AND RCDC, IT IS OBVIOUS THAT PATAN IS STILL WHIPPING BOY WHEN THINGS DO NOT GO RIGHT WITH RCDC BECAUSE OF DELAYS IN

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OBTAINING EXPORT LICENSES. IT WAS EQUALLY CLEAR THAT PATAN DOES NOT FULLY COMPREHEND RESTRICTONS CONTAINED IN ORIGINAL EXPORT LICENSE ALLOWING CDC TO TRANSFER DISC DRIVE MANUFACTURING TECHNOLOGY TO RCDC. IT IS ALSO APPARENT THAT RCDC ISSUE WILL CONTINUE TO BE THORN IN SIDE OF BILATERAL TRADE RELATIONS UNTIL RCDC TURNS PROFIT. WE WILL SEND BY SEPTTEL FURTHER OBSERVATIONS ON THIS POINT.

5. ITEM 3 - SEE BUCHAREST 259.

6. ITEM 4: IN CONNECTION WITH STATE COMMITTEE ON NUCLEAR ENERGY'S DESIRES TO RENEW CONTACT WITH ERDA'S SUCCESSOR ORGANIZATION, AMBASSADOR AGREED TO OBTAIN NAME OF PERSON AND INSTITUTION WITH WHOM SCNE SHOULD BE IN CONTACT.

7. ITEM 5 - SEE BUCHAREST 260.

8. ITEMS 6 AND 7: PATAN QUICKLY READ OVER LISTS OF COOPERATION AND THIRD COUNTRY COOPERATION PROJECTS WHICH GOR IS PURSUING WIT US COMPANIES. THESE BASICALLY ARE SAME AS GIVEN AS ANNEXES TO AGREED MINUTES OF FOURTH SESSION OF JOINT ECONOMIC COMMISSION. REGARDING PROJECTS OF INTEREST TO US COMPANIES, AMBASSADOR GAVE PATAN LIST WHICH INCLUDED ONLY COMPANIES MENTIONED IN REFTELS A AND B. PATAN AGREED TO AMBASSADOR'S SUG-
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GESTION THAT MARGARITESCU MEET TO REVIEW VARIOUS PROJECTS AND US COMPANY INTERESTS. COMMENT: THIS MEETING WILL PROBABLY TAKE PLACE WEEK OF JANUARY 30 WHEN ECON COUNSELOR WILL HAVE RETURNED TO BUCHAREST.

9. ITEM 8: SEPTTEL WILL BE SENT DURING BUCHAREST VISIT OF AGATT, JANUARY 16-18.

10. ITEM 9: PATAN STATED THAT GOR CONSIDERING ADDITIONAL PURCHASE OF ONE MILLION TONS OF COKING COAL FROM US IN 1978, OF WHICH 70 PERCENT SHOULD BE SHIPPED VIA HAMPTON ROADS (ACCORDING TO US EXPORTER). PATAN ASKED IF THERE WERE ANY POSSIBILITY OF US ALLOWING ROMANIAN FREIGHTERS TO LOAD COAL IN HAMPTON ROADS. DCM REVIEWED BASIS IN US LAW AND PRACTICE FOR REFUSAL TO ALLOW ROMANIAN AND OTHER WP VESSELS INTO HAMPTON ROADS AND SUGGESTED GOR MIGHT WISH TO USE PORT OF BALTIMORE INSTEAD. MARGARITescu SAID THAT GOR EXAMINING BALTIMORE POSSIBILITY.

11. ITEM 10: SEE SEPTTEL.

12. ITEM 11: PATAN SKIPPED OVER MFN BY SAYING THAT THERE WAS NO NEED FOR HIM TO ELABORATE FURTHER ON THIS SUBJECT AT THIS TIME. HE LISTENED ATTENTIVELY DURING DCM'S REVIEW OF STATUS OF OUR MID-TERM REVIEW OF EMIGRATION ALONG LINES STATE 1722.
AGGREY

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